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THE LEAGUE'S BUSINESS

New Pamphlet Issued by Citizens' Council Federation.—"Making Democracy Work—the Citizens' Council Plan" is the title of a new leaflet issued by the National Federation of Citizens' Councils for use of citizens who wish to organize councils. The plan is described, organization procedure outlined, and suggestions made as to the type of work which a council can do. Interested groups can obtain copies of this pamphlet by writing to the office of the federation at National Municipal League headquarters.

The fact that the machinery of democracy is rusty and obsolete is partly responsible for dissatisfaction with democracy today but far more serious is our inadequate citizenship. "Citizen interest, alertness, and intelligence are the motive force of democracy. . . . The real danger to democracy lies in the passivity, blindness, and incompetence of citizens." The citizens' council plan is designed to promote effective citizenship through carefully planned efforts to stimulate greater citizen interest, better informed and more careful citizen thinking, more considered and responsible citizen action.

* * *

New York Conference on Legislation Holds Successful Meeting.—Fifty-seven persons were registered as delegates to the New York State Conference on Legislation, held under the auspices of the New York State Committee of the National Municipal League with the coöperation of the Schenectady Bureau of Municipal Research and the New York Citizens Union last month. These persons represented interested groups in sixteen counties of the state.

Governor Herbert H. Lehman addressed the conference on "Home Rule in Local Government", giving specific endorsement to some of the home rule measures on the legislative program adopted by the conference and departing from his prepared address to urge support of reapportionment and a state constitutional convention. He emphasized particularly the desirability of home rule in local expenditure and deplored the tendency of the New York General Assembly to pass mandatory legislation.

Addresses on the importance of citizen activity in legislative matters, illustrated by reference to county government reorganization, anti-crime legislation, and other specific issues, were delivered by Charles Poletti, counsel to the Governor, and State Senator Thomas C. Desmond.

The conference discussed and adopted a legislative program covering a number of fundamental structural improvements in municipal, county, and state government as outlined in the July issue of this REVIEW (page 390) and will recommend that program for active support during the coming year to civic groups throughout the state.

The following program of work for the coming year was also adopted:

(1) An intensive campaign to develop citizens' committees on legislation similar to those of the Schenectady Bureau of Municipal Research and the New York Citizens Union in all the principal centers of the state; (2) Preparation of bills to carry out the legislative program of the conference by a drafting committee to be appointed by the chairman of the New York State Committee of the National Municipal League, submission of these bills to committees on legislation and civic groups throughout the state, consideration of their criticisms by the drafting committee and introduction of the bills at the beginning of the next session; (3) Questioning of candidates for the legislature by civic groups before election to determine their attitude on the items in the legislative program of the conference; (4) Efforts to win the support of newspapers and organizations of all kinds for the legislative program of the conference; (5) Mobilization of public support for the program bills during the legislative session.

Dr. Rodney L. Mott, director of the School of Social Sciences at Colgate University, was elected chairman of a representative New York State Committee of the National Municipal League to carry out the work for the coming year.

* * *

Baldwin Prize Award.—Herman B. Director, a student at the University of Chicago, is the winner of the 1936 Baldwin prize of one hundred dollars. This award is presented each year by the National Municipal League to the student submitting the best paper on any one of a number of governmental subjects set forth by the League. Mr. Director's topic was, "Non partisan Elections in American Local Government." Second place was won by Leonard Reichle, also of the University of Chicago, whose essay was entitled "The Detroit Street Railway System"; third place by Lois Roehl of the University of Wisconsin, writing on "Tax Delinquency in the City of Milwaukee During the Period 1928 to 1936". Honorable mention was given to Arthur John Collinson of the College of Wooster, Ohio; Muriel A. Charles of Hunter College, New York City; W. S. Fishman of the University of Illinois; Jane Brohel, University of Newark; Janet Weiss, University of Chicago; and Benjamin C. Stanczyk of Wayne University, Detroit.

Judges for the 1936 contest were E. Lewis Burnham, president of the Philadelphia Bureau of Municipal Research; C. G. Hoag, honorary secretary of the Proportional Representation League; and Richard Welling, attorney, of New York City.

HOWARD P. JONES, Secretary

Editorial Comment

August

NATIONAL MUNICIPAL REVIEW

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Bigger and Better Tax Limitation

ONE of the most difficult illusions to dispel once and for all is the notion that the taxpayer will save money through tax limitation. With all the accumulated experience to the contrary, and with the considered conclusions of the New York State Tax Revision Commission and other unprejudiced agencies against it, the suggestion bobs up again and again.

The latest proposals come from Michigan and Pennsylvania. In the latter state, two bills to limit real estate levies have been introduced into the legislature, both proposing to limit taxes for all local purposes except debt service to 10 mills on each dollar of assessed value, according to *Citizens Business,* the publication of the Philadelphia Bureau of Municipal Research.

The Philadelphia Bureau prophesies a "fiscal nightmare" if either of the bills is passed and again points out what the REVIEW has repeatedly emphasized, that over-all tax limits "tend to increase the cost of government." Adoption of either amendment would encourage borrowing for current expenses, the Bureau finds, and "the most expensive government is that which operates on deficits or loans."

From Michigan comes an even more radical proposal—the abolition of taxation on real estate. Presumably, a state income tax would replace the revenues lost through the abandonment of the property tax, Michigan already having a sales tax. There are many considerations which make this proposal impractical but since it involves so completely a new departure in our tax system, it may be well to go back to fundamentals for a moment. There are, after all, only two broad measures of the ability of an individual to pay taxes—wealth and income. Income alone is obviously insufficient as a measure of ability to pay. Perhaps the outstanding example of that in recent years was the Wendel home on Fifth Avenue, New York, bought in 1856 for a song and having an assessed value at the death of the last of the Wendels of $2,000,000. The slogan of the elder Wendels, "Buy but never sell," would under a tax system which relied entirely upon income become gospel. Even under our system unearned increment produced a $100,000,000 fortune for the Wendels.

Granted that at present ownership of real estate is not entirely satisfactory as a measure of an individual's wealth, nevertheless it is an indicator. Furthermore, it is better rather than poorer measures of wealth we need. Abandon-

ing the real estate tax is a move in the opposite direction since it means dropping one of the best measures of wealth we have.

There is at present no civilized state supporting governmental services without a real estate levy. Mexico furnishes perhaps the nearest example, since Mexico's property tax until the recent revolutions was negligible. According to Philip H. Cornick, who spent several years studying land values in Mexico, a fixed value and a fixed levy for half a century had resulted in a situation by 1914 in which a parcel of property worth half a million dollars paid a tax of $175. The result was that anybody who could get his hands on a piece of land held it forever whether it produced anything or not. The part this played in the unsettled conditions in Mexico in recent years may be guessed.

The NATIONAL MUNICIPAL REVIEW has tilted its lance too often against inefficiency and waste in local government to be open to the charge of not favoring economy in government. In our search for methods of economy, however, it is important to avoid those which present the appearance but lack the substance of economy. Over-all tax limitation is one of these.

A Step Ahead

When the Commission on Inquiry on Public Service Personnel, appointed by the Social Science Research Council, made its report in January 1935, one of its specific recommendations was "the inclusion of all postmasterships in the civil service system and their recruitment primarily by promotion." In the margin on page 8 in the copy of the report reposing in the library of the National Municipal League appears an ironical comment made by some reader: "What says Jim Farley to this?"

Apparently the time has come when what Jim Farley might say does not matter. On July 22 President Roosevelt promulgated an executive order placing all first, second, and third class postmasters, 13,730 in all, under the merit system and subject to the regulations of the Civil Service Commission. The 31,666 fourth class postmasters are already within the classified service.

While the order may be shrugged aside by many as simply another evidence of Mr. Roosevelt's astuteness as a politician, constituting as it does the most effective reply he could have made to Republican attacks on the New Deal attitude towards the merit system, those interested in improvement of governmental personnel will rejoice that the time has come again when the merit system has become good politics.

It might be pointed out that this is the second time all first, second, and third class postmasters have been placed under the merit system, President Wilson having done this by an executive order which President Harding modified in such a way as to nullify its effect. It is to be hoped that history will not repeat itself. A more certain way of insuring the continuance of the merit system as applied to postmasters would be by congressional action.

Interstate Cooperation

A review of the ways in which important problems, transcending state boundary lines, may be solved

CHARLES J. CALROW

Consultant, Virginia State Planning Board

It is probably entirely pardonable for a Virginian to take his text from the writings of that master planner, Thomas Jefferson. Jefferson states in his autobiography: "But it is not by the consolidation, or concentration of powers, but by their distribution, that good government is effected. Were not this great country already divided into states, that division must be made, that each might do for itself what concerns itself directly, and what it can so much better do than a distant authority. Every state again is divided into counties, each to take care of what lies within its local bounds; each county again into townships or wards, to manage minuter details; and every ward into farms, to be governed each by its individual proprietor. . . . It is by this partition of cares, descending in gradation from general to particular, that the mass of human affairs may be best managed for the good and prosperity of all." The language of this statement is, in the light of today, highly significant.

In this statement Jefferson justified the division of the country into certain administrative areas on the grounds of necessity, realizing that even for the country, as it stood in his day, partition into administrative units was needed, if the public business was to be expeditiously conducted.

The language which Jefferson employed, in addition to saying that each of these administrative units might do for themselves that which a distant authority could not do so well, implies the passage of laws by these administrative units distinct from either amplification or extension of laws passed by a higher authority.

Jefferson's theories concerning government really involve two series of gradations, one downward, the gradation from "general to particular" in which the application of authority became more intensive as the area involved decreased, and one upward, with respect to the area over which the authority should extend, the powers granted growing less as the so-called higher levels of government were reached.

But the form of government which we actually have fits neither of the Jeffersonian theories. We have neither the gradations downward from "general to particular" nor the gradations upward with the partition of cares proceeding from particular to general as the area increases.

Theoretically, the authority still flows from the people, but not through the lower levels of government controlling the minor geographical divisions to the higher, but directly from the people to the state, and from the people direct to the nation. In this last case it is, in certain particulars, restrained by the limitations erected by the same creators of authority acting in their capacities as

citizens of the states. The tenth amendment to the federal constitution defines these limitations.

While Jefferson wrote in terms of geographical-political areas with their compartmentalization of authoritative control, the government which he administered was far from meeting his specification.

Under the present system there is really no series of planes of government. Such gradations as exist flow from "general to particular" both ways from the state, on one hand, to the federal government, and on the other hand to the state's political subdivisions.

It is because the system of governmental levels described as desirable by Mr. Jefferson does not exist that, when problems which transcend state lines demand solution, the necessity for interstate coöperation appears. Interstate problems are all around us. Changing conditions in agriculture, industry, trade, transportation, and communication have transformed problems which were once localized into problems which refuse to be bounded by lines created by the King's Charter, Orders in Council, or determined by transit and compass. Many social, economic and physical problems arising in a single state cannot be solved by that state alone without a sacrifice of interests. Particularly is this true of those problems in which social and economic interests are simultaneously involved.

CONSTITUTIONAL AMENDMENT

Of course, one method of handling such interstate situations is by the amendment of the federal constitution and the further delegation of particular authority to this unit of our governments. This is a form of interstate coöperation whereby three-fourths of the states may establish particular policies but of general application controlling in all states. Where this form is applicable it has many advantages, not the least of which is the designation of an authority with power to enforce and courts to adjudicate the disputes which may arise. Another advantage of this type of cooperation lies in the peculiar duality of relationship which the citizen of this country has, making him directly amenable to the laws of the United States as well as to laws of the state.

This method of coöperation has, however, certain limitations of desirability when the problems are not nation-wide but regional with reference to the area involved or particular with reference to type. For such cases interstate coöperation seems desirable.

We have recently had considerable discussion of the question of regions, and some of the supporters of the "region" concept have gone so far as to suggest the creation of regions having administrative and legislative power interposed as another level of government between the states and the federal government—a multiplication of governments. From a recognition of the fact that many of the social, economic, and physical problems are regional in character and not limited by state lines, and from the studies of this fact, it has been but a ready jump to the assumption that a regional governmental organization was a happy method of obtaining solutions of such group problems. But is it? How will such a region be delimited—by geography or function, by river basin, coal-bearing area, or maybe by particular type of agricultural production? If regions are delimited according to one of these characteristics, how will an area having a number of these types of characteristics be assigned? There is possibly some confusion of thought on this subject. Let us take Virginia as a case in point.

MANY REGIONAL DIVISIONS

The economic, social, and physical problems of Virginia are shared with other states in many ways and many

directions and in varying volumes. In the realm of agricultural economics Virginia shares with North Carolina, South Carolina, Georgia, Tennessee, and Kentucky the problems arising from the processes of tobacco production and tobacco marketing. With respect to mineral resources Virginia shares with Pennsylvania, Ohio, West Virginia, Kentucky, Tennessee, and Alabama, and to a certain extent with Indiana, Illinois, Iowa, Missouri, Kansas, and Oklahoma, in those problems arising in connection with the production and marketing of coal. In the realm of those resources taken from the sea Virginia shares with North Carolina, South Carolina, Maryland, Delaware, and New England the problems of distributing and marketing the products of commercial fisheries and in competitive markets meets the industries of the states on the Gulf. In the industrial world Virginia shares in the production of rayon with the following states: Massachusetts, New York, Pennsylvania, Ohio, Tennessee, and eleven other states, and with New England, North Carolina, South Carolina, Georgia and Alabama in the cotton textile industry. It also shares its rivers with Maryland, North Carolina, Tennessee, and West Virginia.

The very plain fact is that in the case of Virginia the lines of certain regional area problems refuse to coincide with those of certain other regional area problems and for the problems of this state the region which would encompass them all would be so extensive that it would cease to be a convenient unit. Nor is this all, for in the territory included in such a region there would necessarily be other states which would have interlocking interests with still other areas outside of the region embracing the Virginia problems and thus a need for further regional extension.

The point may be taken further. Any division of the country into regions with limits fixed with relation to one set of problems would arbitrarily divide the areas of other problems and these last questions could only be handled by inter-regional coöperation or by some superior governing unit, so that all which would be accomplished by the new order of things would be a multiplication of problems both intra- and inter-regional.

A further point to be considered in connection with this regional doctrine is the question as to whether the regional authority is to be state-like with general sovereignty or to have only delegated powers like the federal government. If the former, then there is conflict of sovereigns and if the latter, nothing has been accomplished which could not have been done under the present constitutional forms.

The setting up of the regional organizations as additional levels of government between the states and the federal government is of course unthinkable under our present system but, if possible, it should not be done for the reason that it would tend to weaken the federal union.

It is believed that the regional government scheme as a method of interstate coöperation may be dismissed from further consideration and attention given to those methods which do not involve the creation of new governments.

INTERSTATE COOPERATION

As has been pointed out, the scheme of government outlined by Jefferson in the passage first quoted is far from being parallel with that under which we are operating. Our governmental system being what it is, our interstate problems, except in a relatively few cases, must be handled by the states severally as sovereign bodies or jointly through interstate compacts approved by Congress, or by the federal government.

Interstate coöperation of this classi-

fication may be sub-classified under five heads:

(1) Under the first heading there may be placed that type of interstate coöperation which results in the establishment of uniform laws, uniform regulations, or uniform methods of administration. This coöperative effort toward standardization may spring from state action alone or as in the case of certain technical activities, coöperatively with federal departmental agencies.

As participation in such coöperative effort is entirely within the powers of the states and may be taken without action by the Congress, it has possibilities of expansion or limitation which permit its adaptation to any local conditions, social or economic, which may demand special consideration, thus meeting Jefferson's specification. With this plan of interstate coöperation there is, however, a possibility that some of the states, most in need of the beneficial results which may flow from its operation, may refuse to participate and thus destroy or at least weaken the coöperative plans, or else a state having once entered the coöperative plan may, for various reasons, withdraw and thus endanger the whole coöperative scheme. Lack of permanency, failure to attain or maintain sufficient coverage and, possibly, the lack of uniformity in enforcement are the weak points of this plan.

(2) In a second grouping are those state relations which are reciprocal in nature and are also without the necessity for federal approval. Many state acts of this type are on the statute books. Usually they take the form of a grant of privilege or license by the legislature of one state to the citizens or officers of other states in return for similar grants of privileges or authority for its own citizens or officers by the said other states. Reciprocity in recognition of professional registrations is an example.

An act of the Virginia General Assembly of 1936 providing for reciprocal agreement with consenting states as to the laws of "close pursuit" is another example of provision for this type of interstate coöperation.

Under plans for interstate coöperation of this type there are set up penalties for non-conformity; namely, the non-grant to non-conforming states of the rights and privileges given those entering into and holding to the agreement. This gives this coöperative effort an element of strength not possessed by the efforts grouped under the first heading.

JOINT UNDERTAKINGS

(3) A third grouping of interstate coöperative activities is that under a plan for the conduct of a joint enterprise of a physical nature, as for example, the construction of a bridge over a boundary river. In this case a simple contractual relation exists between the states and neither functions as a governing unit. In this case while two states may by agreement regulate the use of the utility, the collective action proceeds no further. The relationship between the states is simply that of partners in a joint enterprise. This is not an exercise of sovereignty. Either party to the enterprise may sue upon the contract and such suits come within the jurisdiction of the federal Supreme Court, not because of the nature of the activity but because of the nature of the litigants.

A modification of this type of interstate coöperation is the joint agreement for the construction of certain kinds of public improvements such as roads with common points at the state line permitting the flow of interstate traffic. In this case each state would construct that portion of the road lying on its side of the state line and thus, despite joint agreements, the relation of any state to the enterprise is not that of a partner, and there is no controlling enforceable

contract between the states. There is no authority to which appeal may be taken in case of failure to carry out the provisions of such an agreement.

(4) A fourth type of interstate cooperation is one in which the states may by treaty and with the approval of the Congress, engage in a joint enterprise administered by a governing body separate and distinct from the administrative departments of the coöperating states. The administrative authority may be of commission or corporation form and have, in so far as the particular enterprise is concerned, certain regulation-making authority. In this case the state acts creating the commission are, to a certain but minor extent, a degree of surrender of sovereignty by delegation of authority, as no state engaging in such an enterprise would possess the right to require the commission or corporation to commit acts in conflict with the rules laid down for its guidance in the approved treaty or compact.

This delegation of authority has, however, certain advantages, as the controlling unit thus set up acquires none of the general attributes of sovereignty and an aggrieved state has recourse through the courts without directly involving another sovereign in the proceedings. Needless to say, such a corporation or commission can have no power to enforce regulations except where it receives this authority by delegation from the states creating it; neither can its authority be extended or curtailed except with the approval of all of the parties to the original compact. In some ways, limited it is true, such a corporation or commission acquires, in relation to the contracting states, some of the same status as has the federal government.

It may be said in passing that the approval by Congress does not under the present constitutional limitations give to the federal government any administrative authority, and even though the approvals of compacts are required the so-called "upper level" of government acquires thereby no rights over the states.

CONGRESSIONAL APPROVAL

(5) Still another class of interstate coöperative action is one of the Congress-approved compact type, in which each state reserves to itself the administration of the terms of the compact within its own borders. Here no authority or corporation is created. This form is generally applicable where the police powers of the states are to be employed and it is not suitable for enterprises in which the joint construction and operation of public works or public facilities are attempted.

An example of this type of coöperative effort is the Virginia tobacco control act, chapter 183 of the acts of the General Assembly of 1936, which in the draft of the proposed compact provides among other things that the states which are parties to the compact do jointly and severally agree "to coöperate with each other in formulating such regulations as will assure the uniform and effective enforcement of each of the aforesaid state statutes" and further "not to depart from or fail to enforce, to the best of its ability, any regulations concerning the enforcement of the state statutes, without the consent of a majority of the members of the tobacco commissions of each of the several states which is a party to this agreement."

It will be noted that while elsewhere within its stipulations the act provides for enforcement of the regulations within each state and penalties for noncompliance therewith, nowhere does it provide penalties for the failure of the tobacco commission of any state to see that its own regulations are enforced; neither is there any recognition of a common authority before whom an ap-

peal for such enforcement could be carried.

The failure of a superior state authority such as the governor, the legislature, or the courts to displace a recalcitrant commission would raise petty questions of conflict between interstate policies and constitutional law.

There may be other forms of interstate coöperation, but the list just given covers all the major types. Such others as may have developed will probably be found to be modifications of some one of these five.

Some of these interstate coöperation types are particularly applicable to certain joint enterprises having to do with things rather than with persons, and this is an important point. The problems arising from coöperative action by states as proprietaries are quite different from those which appear when joint action is taken concerning matters which call into play the police powers.

The time element is also another point which needs attention even in those coöperative plans involving only things. Certain affairs may be settled once and for all and the legislative acts providing for or ratifying the coöperative plan may well and fully provide for objectives complete within themselves and requiring no continuing administration. Where the project is one of a continuing nature the necessity for administration arises and with it troublesome questions. In all cases where the police power is invoked consideration of the time element is most important.

Despite the difficulties attendant upon interstate coöperation, the need for such action is so well recognized that every effort should be made to find a way to make coöperative effort effective. The number of matters in which joint action by two or more states would redound to the "good and prosperity of all" has vastly increased.

In summing up the weaknesses of various recognized forms of interstate coöperation it will be found that the chief of these is the failure to provide for uniform authoritative administration where the project is of a continuing nature or where it invokes the police powers of the coöperating states. The major problem, therefore, is one of providing for administration, and it must be admitted that none of the existing or suggested forms of interstate coöperation seem to provide this necessary element without some degree of conflict with "states' rights."

Even where the federal constitution has already provided for uniformity of enforcement, as it does under the provisions of section 2 of article 4, we have states refusing to recognize the extradition requisitions drawn by the executives of other states.

If it were not for the weakness due to lack of uniformity of enforcement, the uniform law plan (type 1) would, where police power alone is involved, be the easiest way out of the dilemma and, if the difficulties which arise from the tendency to delay and confuse the problem by bargaining for advantage could be overcome, the compact-commission form of coöperation (type 4) would probably settle the administration question for coöperative plans involving only things.

The reciprocity plan of coöperation (type 2) applies to only a few kinds of problems, and in the case of those problems involving economic as well as social questions it has an exceedingly limited application. This plan, however, may well be extended to cover those cases in which it would be useful. The administrative program here is not complicated and the question of states' rights does not arise.

The simple coöperative plan (type 3) has such limited application and only

to specific physical problems that it needs no further consideration than already given it.

STATES' RIGHTS

When we reach a discussion of the compact plan, which involves the use of the police power or seeks to control persons as well as things, we then enter a field in which the question of states' rights immediately comes to the front.

As has been stated, the present compact plan does not involve the federal government in the administration of the plan. It has, however, been suggested that this be changed and a three-point compact plan may solve the problem of regional controls. Under this changed plan the federal government or one of its agencies would supply the administrative authority for the coöperative region.

The plan involves first the adoption of suitable amendments to the federal constitution and next a limited delegation of authority to the federal government by interested states, and in this respect it departs from the present method of delegating authority to the federal government by constitutional provision chiefly by limiting the application of the authority thus granted to the subscribing states and omitting its application in the non-subscribing sovereignties. The delegation of authority, it is suggested, may also depart from the general constitutional form by limiting the scope of those laws needed to be passed by the federal legislature.

This form of provision for administration of interstate coöperative effort will be recognized as a modification of the compact plan heretofore described as type 4, the chief modification being that a federal agency would be substituted for the commission or corporation form of control.

The plan may also be considered as one in which the federal government places at the disposal of the states involved in the coöperative plan the facilities of the federal government for its administration. One example of such a plan, although not exactly parallel in form, was the municipal bankruptcy act. This particular act placed the facilities of the federal courts at the disposal of the municipalities of those states which by suitable legislation ratified the act. This act has been declared unconstitutional on the ground that it would lead to an invasion of states' rights, a view not shared by the minority of the United States Supreme Court.

Those upholding states' rights will object to this form of coöperative administration on the ground that it substitutes administration by federal bureau or department for that by state agency, and is thus a surrender of sovereignty, and so it would be. It is generally true that partners in a joint enterprise must waive the exercise of certain individual rights if they are to profit from the partnership.

It may also be said that the suggested plan tends to build up a federal bureaucracy at the expense of the states, and this may be true or not, depending on the nature of the enacted laws. It might be possible to so limit these laws by the acts of the delegating or ratifying states as to substantially give them the status of state-made laws.

Another plan proposed is one in which federal acts to accomplish specific purposes in limited areas are made applicable only to the areas of those states which, by suitable legislation, should permit the laws to be effective. In this case the ratification by two or more states would be a form of interstate coöperation, an interstate agreement to pass to the federal government the burden of taking care of specific problems. This transfer of burdens from the states

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Federal-Municipal Relations—The Road Thus Far

A description of the means by which the nation has come to the aid of its cities during the depression years

FRANCES L. REINHOLD *Swarthmore College*

THE constitution of the United States says not a word about municipalities. To all intents and purposes the lowest level and the highest level of government in this country are completely divorced. Of course, the city is the creature of the state, and from that one can establish an indirect contact between federal and local units. However, the picture has not been so barren as appears *prima facie* because over the years some informal relationships have developed—perhaps as many as five hundred different varieties—in the fields of zoning, planning, education, public health, and the like.[1] Nevertheless, at the International Congress of Cities held in London in May 1932, representing forty-four nations, the United States was the only country reporting no direct link between central and local governments.[2]

With the inauguration of the Roosevelt administration, all that has been changed. For better or for worse there is now a very definite federal-municipal tie-up. While a political New Deal may be considered the efficient cause for this new relationship, the real cause is to be found in the inadequate policies pursued in public finance. Since the general property tax has long been the backbone of municipal revenues, and since the real estate collapse compelled the municipalities to rely on the state treasuries, the prolonged economic decline taxed the ingenuity as well as the purses of the states to the point where all the lower units of government were perforce catapulted into the laps of the federal government.[3] Eight of our cities are financially more important than the states in which they are located. In fact, the utter collapse of the financial institutions of Detroit so endangered the state of Michigan in the early days of 1933 that possible disaster threatened the country from the spread of ruin in this city. There has been scarcely a statute passed in Washington since March 4, 1933, which has not touched the municipal interests of the country in some way.

The Glass-Steagall banking act affected municipal demand deposits that

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[1] *Federal Service to Municipal Governments,* published jointly by the Public Administration Service and the Brookings Institution.

[2] Paul Betters, "The Federal Government and the Cities," *Municipal Year Book,* 1934.

[3] Simeon E. Leland, "Municipal Revenues," *Municipal Year Book,* 1935, holds that in 1934 in eleven states the relief burden fell on the federal and local governments, the states themselves being non-contributors. In California, the national government paid 72.4 per cent of the relief costs, while the localities met 27.5 per cent of the burden. "Out of the total relief costs in 1934, of $1,479,339,603 the federal government carried 72.3 per cent, the state governments 12.6 per cent and the communities 15.1 per cent."

Federal-Municipal Relations—Whither Bound

An analysis of the fast developing tie-up between the nation and its cities and the direction in which it is leading

MORTON L. WALLERSTEIN *Executive Secretary, League of Virginia Municipalities*

IN HIS recent book entitled "The State in Theory and Practice," Harold Laski of the University of London says: "Once more we can see before us the beginnings of a new order. Once more the economic process has become incompatible with the political forms in which it is contained. Once more we have begun that struggle between present fact and historic idea which always involves the remaking of the principles of government.

"In such situation, it is the first duty of political philosophy to examine the character of the state in its actuality rather than in its idea. It is not in what it claims to be, but in what it effectively does, that its real nature lies. Hitherto, for the most part, political philosophy has sought rather to justify than to explain; it has been eager rather to safeguard the past than to make possible the liberation of the future."

Prior to the year 1932 with one possible exception no mention of city, for which purpose we will include any incorporated community, appeared in the statutes of the United States, it is believed, although hundreds of federal services were being rendered to city governments. Up to that time local relationships with the federal government were either with the state or with the federal divisions in those states which the federal government itself had set up. Such a thing as the federal government dealing directly with the cities was absolutely unknown.

Let us examine chronologically the development of the relationship we are considering. In 1928, the first effort was made by the municipalities, through their state municipal leagues, to correct some of the defects in the excise taxes either with the Congress or the regulatory agencies of the Internal Revenue Department, in order to have exempted from certain taxes municipally-owned products such as automobiles, electricity produced by municipal plants, and so on.

During 1932 there was set up in Washington in the Reconstruction Finance Corporation a division for what were termed "self-liquidating projects" for municipalities. About a billion and a half dollars was appropriated for this purpose, the corporation to lend the money to cities for those projects which would produce revenues enough to liquidate a long-term bond issue. In its administration the governors of the states were required to secure and certify the projects to the federal government. A sincere effort was made in Virginia and various other states to coöperate with this program. However, the program offered no grants from the federal government, no attractive rates of interest, and was considerably enmeshed in red tape, which in a word made it a dismal failure practically everywhere. During the same year a desperate fight was made

by the cities and towns of the country, acting through the American Municipal Association, to secure in Congress an amendment to the federal highway act to require that at least 25 per cent of the federal road funds be used for streets within the cities. An understanding was reached with the congressional leaders whereby the department under whose jurisdiction these matters were, would write that provision in its regulations. It has been there ever since. This marked the definite beginning of federal-city relations, which although indirect showed the cities for the first time their real federal political power.

THE RELIEF PROBLEM

During the early summer of 1932, the cities of the nation suddenly realized that the relief burden, which they for several years had been handling without any assistance, had reached a point where they could no longer successfully carry it, due not only to the tremendous problem of unprecedented unemployment, but to the serious, financially-embarrassed condition of municipalities in many states and the breakdown of the market for municipal securities.

In this situation, a national emergency, it was to be expected that the cities and the states would look to the federal government for assistance. There were certain elements concerning the federal government's ability to cope with this problem which neither the states nor the cities had. One was that the federal government had at least some control over the banks and might be able to resuscitate an otherwise dead public bond market. Then, too, the credit of the federal government far exceeded that of the states and cities. Beyond all this, however, was the feeling that, because some of the states were unable to bear any of the burden, the fairest thing to do was for the federal government to step in and aid all states at least to some extent. In other words, we had developed the doctrine that Michigan's inability to handle its unemployment problem was not merely the problem of Michigan, but the problem of Virginia; in fact, it was a national problem.

The emergency program of 1933, as well as of 1935, concerned the municipalities in many phases in addition to the highway matter already discussed. The cities found themselves dealing with such federal organizations as the Federal Housing Administration, the Home Owners' Loan Corporation, and other new agencies of the government.

However, this paper will discuss the relationship between the federal government and the municipalities in connection with the activities of only several of the most important agencies, such as the Bureau of Public Roads, the Federal Emergency Relief Administration, Civil Works Administration, Public Works Administration, and the Works Progress Administration.

With regard to highway programs in the cities, the state highway commissions submitted to the Federal Bureau of Public Roads a proposed plan for using the money allocated for municipal streets, which after receiving approval in Washington was administered by the state highway commission and executed by the municipal authorities with money received from the federal government.

FEDERAL ORGANIZATIONS

Regarding the Federal Emergency Relief Administration, a state director was appointed by the governor for each state and the municipalities dealt directly with him.

The Civil Works Administration was administered, in Virginia at least, through the state emergency relief director who decentralized it into various districts and the district administrators

for the most part had, subject to review, complete authority as to municipal projects.

As to the Works Progress Administration, the projects were submitted to the state director and if approved by him, money was allocated upon the localities agreeing to put up the balance.

The Public Works Administration was administered through a state director, municipalities making application to him for construction of a project, and requesting from the federal government a substantial grant of funds. In addition, if conditions required it, the proposals also carried requests for the federal government to purchase the bonds of the municipalities. Where the projects were approved, the federal government supervised the jobs as a check on the expenditure of the federal money. The work was done by contract let by the cities.

In only one case out of the five different types of federal-municipal relationships outlined does any department of the state play a part.

Because of the national emergency these federal-municipal relationships were necessary, but it cannot be successfully claimed that any of them have been entirely satisfactory. Each relationship has had its weakness as well as its strength. The Civil Works Administration, one of the most urgent of the emergency programs, coming at a most acute time in our history, was set up in great haste, administered largely by inexperienced personnel, and, except in rare instances, wholly unplanned as to type and extent of projects. As a relief measure it put men to work quickly and thus saved the day, but it was very wasteful.

The Federal Emergency Relief Administration, first as a direct relief program and next as a limited work-relief program, and its successor, the Works Progress Administration, suffered from rapidly changing administrative rules, lack of planning, and lack of continuity of operation. Failure to assure completion of municipal projects once started has been and will probably continue to be the cause of much dissatisfaction.

From the viewpoint of the municipal official the Public Works Administration generally proved the most satisfactory federal agency because it was not wasteful, the projects it approved were useful, and completion and ultimate cost were assured from the beginning. Yet the strength of this program was its weakness, since in setting a new standard for public expenditures on a non-pork-barrel basis, it unfortunately surrounded its program with a centralization of administration in Washington, excessive red tape, and failure to admit that local administrations might be trusted. These, then, are examples of the way in which this new animal in the menagerie—the federal-city relation—has been built up.

Thus far most of us have attempted to develop our own abstract philosophy of federal-city relationships. Little if any effort has been made to study agencies of the type just noted in the light of three years of experience, and from their successes and failures to chart our future course. Yet it would seem that we can draw certain conclusions: (1) The relationship must be as direct as possible; (2) the program should involve a federal grant-in-aid, with a supplement of local funds; (3) the red tape must be eliminated; (4) there must be a sound local administrative setup; (5) the federal government must realize that municipal administration is just about as honest and efficient as federal administration; (6) assurance must be given that a program, once started, will not be left uncompleted by lack of funds; (7) a long-range plan backed by an enlightened local public sentiment should

be adopted; (8) the United States should localize the administration of the program, placing federal responsibility for its execution on the municipal official; (9) recognition by the federal government that criticisms made by local officials are usually intended as helpful and constructive; (10) we must stop picturing as an emergency what is a probable permanent condition. If it be a permanent condition, then it requires long-range planning in which the municipalities must assume their burden through skilled and adequately financed city planning boards.

WHAT SHOULD FEDERAL AID CONSTITUTE?

We must cease to follow the ideas of the two major parties regarding relief—one holding that it must be administered by the state, the other that it is a federal problem. Its proper administration lies somewhere between these two points of view. It calls for the proper supervision of federal funds by the federal government, with some regard for local sentiment.

Much success has attended the county agent who is a federal, a state, and a local official. Cramped thinking in terms of layers or divisions of government must give way to the actuality of sound administration.

Some question may arise as to the legality of such form of direct relationship. Already the Supreme Court has passed on one form of federal aid to municipalities. The opinion of Justice McReynolds in the recent municipal bankruptcy decision holds that a federal statute permitting municipalities to become bankrupt with the consent of their respective states is beyond the power of the Congress. Of this opinion, it should in fairness be said that the usual trio together with Chief Justice Hughes dissented. In addition a rehearing of the case is now under consideration.

On the other hand, witness the language of Judge Parker of the United States Circuit Court of Appeals, Fourth Circuit, in the Greenwood-Duke Power case:

"In the light of our history, it is idle to say that, in the presence of such a situation as confronted Congress, the national government must stand by and do nothing for the relief of the general distress, confining its activities to matters as to which it is given legislative powers by the constitution. It is the only instrumentality which the people of the country have which can deal adequately with an economic crisis nation-wide in scope; and there can be no question but that, for the purpose of dealing with such a crisis, it can exercise the power to raise and spend money under article 1, section 8, clause 1 of the constitution which provides: 'That Congress shall have power to lay and collect taxes, duties, imposts and excises, to pay the debts and provide for the common defence and general welfare of the United States.' "

In the light of such widely divergent opinions it must be admitted frankly that the power of Congress with reference to the federal-city relationship has not yet been defined.

Strange as it may seem, the employment of federal funds for grants to the state for just such purposes as those made under the emergency programs was officially sponsored by no less than Thomas Jefferson. In his second inaugural address, President Jefferson said: "What farmer, what mechanic, what laborer, ever sees a tax-gatherer of the United States? These contributions enable us to support the current expenses of the government, to fulfill contracts with foreign nations, to extinguish the native right of soil within our limits, to extend those limits, and to apply such a surplus to our public debts as places at a short day their final redemption, and that redemption once effected, the revenue thereby liberated may, by a just

repartition among the states, and a corresponding amending of the constitution, be applied, in time of peace, to rivers, canals, roads, arts, manufactures, education, and other great objects within each state."

That is interesting language with the usual foresight of our premier statesman. Strange, too, that Thomas Jefferson in 1805 would dare as president to suggest a constitutional amendment and not insert "if necessary"!

Now Jefferson, gentleman farmer as well as a lawyer and statesman, spoke in terms of the state quite in keeping with the thought of his time, but times have changed, and surely there is but a little step from repartition of federal funds to the states to a similar action with reference to the municipalities.

From the past experiences with federal-city relationship have come new theories of government. It is not easy to prophesy what the future may have in store.

In 1930 Dr. Charles E. Merriam, professor of political science at the University of Chicago, now also a member of the National Resources Committee, said: "I do not know what is going to happen to municipal government in the United States. I think increasingly you are going to see in this country an emphasis on the urban point of view. Through what instrumentality or agency that is going to be expressed, I do not know, but one of the normal channels for expressing the position of the cities of the United States is the life of these leagues of cities in the various states, and if they choose to exert their strength, they will be in a very powerful position."

Today, that association, the American Municipal Association, the national federation of state municipal leagues to which Dr. Merriam referred, is attempting to exert its influence, not, may I say, as a pressure group, but as a group to present pertinent facts to the various federal departments and to the Congress itself. If it continues along its present path, it should gain the confidence of those attached to the federal government. It is endeavoring to produce, after thorough research, the factual situation with reference to the cities of the nation. It is essential that it be kept a group more like an arm of the government to assist other arms of the government and not in any way a lobbying group.

In any consideration of this problem of the further development of the dual relationship, we must realize that 56 per cent of the population of this nation in 1930 was urban, although only twenty-one states were predominantly urban. Yet the municipalities of the country have just found out in the last three years that they have the power to present and have the Congress and federal agencies understand their problems. Contrast this with the inability, even in the predominantly urban states, of the municipalities securing any semblance of justice from state legislatures and the handwriting on the wall can be seen. The states must, and this does not mean a decade from now, but now, begin to realize that cities are local government units entitled to fair treatment; otherwise, I believe that we will find the cities ignoring mother and looking to adopted grandmother for aid. Those who believe in more local handling of local problems, in home rule for cities, in a sympathetic relationship between the city and its mother, the state, can hardly help but deprecate these developments now taking place along national lines and realize the danger that the cities will turn more and more to the federal government if the states continue to be so slow in recognizing the seriousness of the problem.

Editor's Note.—Address delivered July 13, 1936, before the Tenth Institute of Public Affairs, University of Virginia, Charlottesville, Va.

FEDERAL MUNICIPAL RELATIONS

(Continued from Page 452)

had been placed in federal reserve banks.

The federal economy bill served as a model for similar salary reductions and consolidations on municipal payrolls.

Thousands of boys between the ages of eighteen and twenty-five were removed from cities and placed in the federal Civilian Conservation Corps.

The establishment of the Tennessee Valley Authority affected all the cities in the surrounding area.[4]

The NIRA had an unforeseen repercussion on cities. National, state, and county governments were exempt from the price-fixing provisions of the codes, but cities were classed with private purchasers and consequently were unable to reap the benefits of competitive bidding.[5]

Furthermore, title II of the NIRA offered federal aid to states, counties, and municipalities to the tune of $3,300,000,000 to be expended in public works.[6] The policy pursued was similar to the long familiar grants-in-aid, but accompanied also by a cash subsidy. At first the federal government agreed to give the city 30 per cent in cash of the cost of labor and materials and to lend the rest at 4 per cent interest. Later many cities withdrew their applications because they felt that the 4 per cent interest rate was too high and that they could obtain lower rates in the open market.

In 1935 the interest rate was dropped to 3 per cent. The cities put up their bonds as collateral. Later the cash subsidy was increased to 45 per cent.[7] Incidentally there was an interesting reaction from the government's assumption of the role of investment banker. It appears that by providing a market for municipal bonds, the federal government has realized on its own investments by reselling some of its municipal holdings to private investors. In the last two years it is said that the PWA has made over a million dollars profit in this way.[8] The RFC sells the collateral held by the PWA. The PWA itself does not enter the market.

While there have been many advocates of federal aid to municipalities, one occasionally runs across a dissenting opinion, as for example: "In order to secure the 30 per cent direct grant from the federal government which accompanies a loan, municipalities naturally accept all the federal loans they can obtain. A gigantic contest has, therefore, arisen to see which municipalities can produce the most ingenious methods of spending money, and which can exert the most pressure upon the administration."[9]

Since the cities are the agents of the states, the latter have taken good care to establish a debt limit for the local areas—sometimes by statutes and other times by constitutional amendment. Hence there is usually a provision that a city may not borrow above 5 per cent of its assessed valuation. This was the customary limit during normal times. When the depression broke, many of the states raised their cities'

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[4]Earle S. Draper, "The TVA Replans a Town. Coöperation between the local residents and the national authorities of Caryville." *American City,* Jan. 1936, 51:59.

[5]Russell Forbes, "Public Purchasing," *Municipal Year Book* 1933. See also, "NRA Codes and Municipal Tax Rates," *American City,* 48:60, October 1933.

[6]"Federal Loans and Grants Now Available for Local Public Works and Municipal Improvements; with Statement of Conditions." *American City,* 48:35-36, July 1933.

[7]As of January 1936.

[8]Harold W. Dodds, "Federal Aid for the City," *Yale Review,* Vol. 25:96-112. Autumn 1935. *New York Times,* Nov. 19, 1934, 27:3; Nov. 20, 1934, 3:3.

[9]John M. Egan, "The Case for Decentralization," *Commonweal,* 20:283-5, 301-2, July 13-20, 1934.

borrowing capacity to 7 per cent or 10 per cent. But even this was absorbed so that when the federal government offered aid, it was sometimes necessary to pass constitutional amendments to make it possible for the localities to avail themselves of this opportunity.[10] Of course, if the states really objected to their local units borrowing from the national government, the President would not have the power to ignore the state constitutions.[11] As a matter of fact, the states seem to have been only too eager to have the municipalities go elsewhere for support. One wonders if there was really any alternative. It is demoralizing to any government to have to eliminate essential services or to default on interest payments in behalf of economy. Those two pitfalls are to be avoided at almost any price. For the elimination of essential services the city pays dearly in increased crime, bad health, and poor citizenship. Insurance companies raise their rates in proportion to the curtailment of municipal protection. For defaulting on interest payments, it brands its credit for years to come. Suffice it to say that the cities received financial and advisory aid from the central government for water works, sewer systems, electric light plants, streets and highways, bridges, schools, hospitals, and playgrounds.[12]

VOTERS APPROVE PROJECTS

Press release No. 1805[13] reports that the electorate approved of 83 per cent of the proposals submitted to it involving assessments to meet federal grants for public works projects. A nation-wide survey on an unprecedented magnitude, counting over ten million polled ballots, revealed that the elections were carried by a margin of two to one. Ickes ordered the forty-eight state directors of PWA to give a detailed report of all elections held in their respective states concerning PWA projects. About 99½ per cent of the original PWA is now under contract and four thousand local projects are being constructed under its auspices.

Because the PWA was by its very nature a slow-moving mechanism, due to its attempt to thoroughly survey the need for long-term planning in the construction industry, the CWA was created to speed re-employment. The creation of a Civil Works Administration with an appropriation of $400,000,000 left from unexpended public works funds was intended to remove four million persons from relief rolls by providing jobs on local as well as state and federal projects. Furthermore, the Census Bureau and the CWA conducted a joint survey to investigate the municipal and county tax delinquency and the financial status of these communities throughout the country. The CWA lasted from November 1933 to April 1934, when it was succeeded by the Local Works Plan.

PRESSURE GROUPS

In order not to place the onus of aggressive intervention wholly on the federal government, attention should be called to a new pressure group that is working valiantly for increased slices of the federal treasury for cities. This lobby is none other than the honorable United States Conference of Mayors representing one hundred and twenty of the largest cities, having a president, a

[10] E. H. Foley, Jr., "Legislative Requirements for Making Federal Funds Available to Municipalities," *American City*, 48:68. Also E. J. Ackerson and J. P. Chamberlain, "Legislation and Municipal Debt," *American Bar Association Journal*, 21:310-12, June 1935. Karl Scholz, "Municipal Borrowing and Legal Debt Limits," tables, chart, *National Municipal Review*, 24:323-7, June 1935.

[11] See sec. 203 of the public works act. Also E. H. Foley, ibid.

[12] "Lasting Benefits from CWA and FERA Grants," *American City*, 50:41-2, March 1935.

[13] Recorded in *Financial Chronicle*, February 15, 1936, vol. 142.

vice-president and headquarters in Washington. All things considered, it has been quite successful in gaining its ends. For example, when the LWD proved inadequate, the mayors' conference proposed that the federal government should provide for all the "employables" on the relief rolls, and that the cities would take care of the "unemployables."

Upon Roosevelt's willingness to follow this suggestion, Congress appropriated $4,880,000,000 on January 4, 1935, for the newly created Works Progress Administration. As of December 28, 1935, the last date for which official figures are available, the new works administration had employed 3,508,813 persons (exclusive of housing, PWA and other similar projects). It has been estimated that the localities are caring for a total of two million "unemployables."[14] Of these, the localities claim that 500,000 are really "employables" and should be cared for by the federal WPA. Therefore, the mayors' conference proposed another congressional appropriation of $2,340,000,000 to continue work relief for the next financial year. In presenting this petition to Congress the mayors' conference said:[15] "Our reports indicate conclusively that it is an impossibility for the cities, counties, and states to carry this 500,000 load of employable relief cases in addition to meeting the full and complete costs for care of the unemployable group. And to this burden there must also be added about 22 per cent of the cost of the WPA program, which is the national average of city contributions.

"We are of the unanimous opinion that it is essential for WPA to be given sufficient funds to provide work for at least three million *bona fide* employable relief cases which would take care of twelve million men, women, and children. To do this, approximately $2,340,000,000 is required if the federal government's responsibility is to be properly and fairly met. This is a minimum figure of funds needed and for which federal aid is required if a critical situation is to be avoided."

As of March 18, 1936, Roosevelt asked Congress to appropriate an additional billion and a half dollars—which represented a compromise between the amount requested by the mayors conference and the reduced expenditures demanded by the vocal conservative elements in the country.[16] Incidentally, the mayors' conference has (January 1936) appointed a committee of fourteen mayors to deal with federal legislation affecting municipalities.

HOUSING PROJECTS

The incorporation of the housing division of the PWA for slum clearance projects was a direct invasion of a heretofore purely local prerogative. However, the cities did little about it when they had the opportunity. While it is unquestionably a moral and humanitarian necessity, it must be remembered that the cities are saddling themselves with an unprecedented maintenance debt to meet this obligation. Contracts have been let on thirty-eight housing projects throughout the country, involving an expenditure of a little over $100,000,000.[17] The whole housing program appears to be open to serious question as to its constitutionality, and it has generally been admitted to be one of the weakest links in the New Deal chain. It has even been predicted that federal housing will eventually lower the return on all existing properties. So much more is at stake here than the financial inci-

[14]"More Federal Aid Essential," *American City*, February 1936, 51:5.
[15]Ibid.
[16]First deficiency bill public No. 739, 74th Congress, approved June 22, 1936, granted the President an appropriation of $1,425,000,000.
[17]*American City*, February 1936, 51:67.

dence, however, that it is more prudent to withhold judgment, pending further enlightenment. It is noted here because its potentialities for consolidating federal-municipal relationships are enormous.

The passage of the federal securities act with its stringent regulations over the issuance of stocks and bonds was purported to have increased municipal debts.[18] It seems that the only section of the act which concerns city obligations, however, is section 17 dealing with fraudulent interstate transactions, followed by section 24 which levies penalties for wilful violation.[19] Still the indirect repercussions of the act are probably beyond measure.

The home owners loan bill certainly saved many municipalities from the necessity of taking over unwanted property which may or may not have brought returns in the open market. At any rate federal aid helped the cities to collect on their back taxes.

The AAA benefited cities to the extent that it was authorized to purchase surplus material for distribution among the unemployed and thus lightened the local burdens by $75,000,000.

On May 24, 1934, Congress passed an amendment to the federal bankruptcy law which was designed to ease the financial difficulties of local units. This municipal debt adjustment act was an unprecedented piece of legislation.[20] Two years later, to the day, the Supreme Court declared the act unconstitutional, showing that there is after all a limit beyond which the federal government may not directly go in its relationships with cities.[21]

The federal war on crime has brought increased coöperation between the upper and lower levels of government. While the states still remain the reservoir of the police power, by incorporating an ever widening circle of crimes into federal statutes, the national authorities have been increasing their domain. During the 73rd Congress twenty-one anti-crime measures became law, making federal offenses such things as the assault of a federal officer, the robbing of a federal bank, and kidnapping across a state border line. Some of the bills provided for federal regulation of firearms and for improved court procedure. The Federal Bureau of Investigation's famous fingerprint index and crime laboratory were enlarged for the use of all law-enforcing units. The increase in uniform crime reports from the localities to the federal government and the establishment of a training school for local police officers are outstanding achievements in federal-municipal relations.

While the social security act is unquestionably far reaching in its implications, its effect on municipalities at this writing is problematical. Certainly municipalities ought to benefit from the provisions for aiding the aged, dependent and crippled children, maternal and child welfare, public health and from the administration of state unemployment compensation laws.

The utilities act of 1935, providing for the regulation of utilities holding companies and confining their action to a single integrated system, gave an additional advantage to the municipal utilities. Incidentally the private utilities have been complaining that it is unfair for the federal government to tax them heavily and then to redistribute those taxes to the municipal power plants with which they must compete. They object to the idea of subsidizing a competitor.

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[18] *New York Times*, July 20, 1934, 16:2.

[19] *Financial and Commercial Chronicle*, July 8, 1933, 137:348.

[20] A. M. Hillhouse, "Federal Municipal Debt Adjustment Act," *National Municipal Review*, June 1936.

[21] See note on Supreme Court's decision, *National Municipal Review*, July 1936.

Many court cases have been instituted to restrain the government in this practice but the defense always argues that it causes no legal injury to private utility companies.[22] As recently as January 1936, a United States District Court held that a PWA administrator had not exercised illegal power in lending funds to a county for a self-liquidating hydro-electric plant.[23] A similar decision was reached by the United States District Court of Southern Iowa.[24] It must be noted in all fairness, however, that there was an adverse ruling by a federal court sitting in Coeur d'Alene, Idaho, in December 1934, which held PWA loans for the construction of a municipal electric system, strictly intra-state in character, to be invalid.

The revenue acts of 1934 and 1935 and the banking act of 1935 creating permanent deposit insurance have all in-indirectly affected municipalities.

The President has been greatly concerned with the problem of a coördinated tax system for all taxing units. To that end he has called several conferences and appointed committees to work on a feasible scheme for eliminating duplication and tapping the best sources in each unit.

The splendid work being done by Leonard D. White and his supporters in improving public personnel has caught sympathy in at least one municipality. Cincinnati is now conducting a survey which aims for increased efficiency as a result of "service pooling."

PLANNING STRESSED

"In all its relationships with public works, Washington is emphasizing the importance of state and city planning. Under the leadership first of the National Planning Board and later of its successor, the National Resources Board, forty state planning boards [forty-six at the present writing] have been created with staffs and consultants paid for, in part, by FERA funds. In several states, the planning boards have been established on a continuing basis by acts of the legislature."[25] Congress has before it the Copeland bill for the creation of a permanent National Planning Board, section 4 (b) of which reads, "to consult with, coöperate, and participate in the work of any existing or future agencies of the federal government and of any state or *local government,* as well as with any public or private planning or research agencies and institutions."

A summary of the laws passed by the forty-seven state legislatures which met in 1935 "reflects the impact upon local government of the depression-born undertakings of the federal government. The grist of the statutes includes many made necessary by the activities of the RFC, PWA, FDIC, and the amendment to the bankruptcy act affecting municipal debt."[26]

It has frequently been alleged that with federal aid will come the intrusion of federal politics on helpless localities. That may or may not be true, but the most conspicuous instance in support of such an allegation came from the ruling of Secretary Ickes which would have barred Park Commissioner Robert Moses from the Tri-Borough Bridge Authority of New York. The representatives of twenty-three civic and commercial organizations passed a resolution which read in part, "Be it resolved . . . that Public Works Administration Order 129 should

[22]H. T. Hunt, "Power of the National Government to Finance Competitive Industries of Cities," *American City,* October 1935, 50:53-4.

[23]U. S. District Court, Western District, South Carolina: *Duke Power Co. v. Greenwood County, S. C., 12 Fed. Supp. 70.*

[24]*Iowa Southern Utilities Co. v. Town of Lamoni, 11 Fed. Supp. 581.*

[25]H. W. Dodds, "Federal Aid for the City," *Yale Review,* ibid.

[26]*1935 Digest,* compiled by Irving Tenner of the Municipal Finance Officers' Association, Chicago, Illinois.

be reconsidered, as the carrying out of such order would necessarily result in federal interference with the administration of municipal affairs which would be at variance with accepted principles of local government."[27]

Leaving the field of what has been done to unite the federal government with the various municipalities, let us turn to the proposals that have been made for what might be done.

In 1934 there was a small undercurrent of opinion that favored giving municipalities the power to issue currency against approved municipal bonds.[28] The objections to such a plan are so obvious as to need no elaboration.

Again it has been suggested that postal savings be opened up for municipal deposits. Mayor La Guardia in 1935 proposed the erection of a national municipal discount bank to act as an agent for cities. This bank was to be independent but connected with the federal reserve system and its chief function would be to give cash for municipal bonds in time of need.[29] The plan received the endorsement of two hundred mayors.

Apparently serious consideration was given to the proposal to have the RFC advance funds to cities on tax-receivable warrants,[30] though the idea was subsequently dropped.[31]

Competent authorities went into print on the proposal to have the federal government lend money to cities for public works without interest charges.[32]

TAX EXEMPT SECURITIES

The whole problem of exempting government bonds from taxation is coming more and more to the fore.[33] In fact, on March 8, 1934, Secretary of the Treasury Morgenthau recommended to the House Judiciary Committee that a constitutional amendment be drafted which would permit the federal, state, and municipal governments to tax each other's future security issues.[34] It was his estimate at that time, that such an amendment would yield $145,000,000 annually to the federal government. By and large, he estimated that the number of tax-exempt securities outstanding totaled $40,000,000,000. Rosswell Magill, Morgenthau's tax adviser, said that at the close of 1932 there were $17,770,000,000 state and municipal securities exempt from income tax payment. President Roosevelt is likewise on record as favoring taxation of future issues of municipal bonds.

It appears to be true that the new federal aid is proportionally more beneficial to smaller cities and rural communities than to the large metropolitan areas, though such a conclusion is reached by the precarious method of subjective evaluation. That the new federal-municipal set-up will probably be permanent is indicated in a small way by the recent appointment of Earle D. Mallory as a full time representative in Washington for the American Municipal Association, an organization for the promotion of the welfare of five thousand municipalities. The desirability of this new bond between the highest and lowest government levels is controversial as can be seen from the following contradictory testimony of two eminent authorities. Harold W. Dodds holds that "federal participation in local government takes on the color of a vast equalization and betterment scheme which, if practical considerations are

[27] *Financial Chronicle,* 1935, page 409.
[28] Paul Betters, "The Federal Government and the Cities," *Municipal Year Book* 1934.
[29] *Financial Chronicle,* January 5, 1935, page 51.
[30] *New York Times,* January 24, 1934, 8:3.
[31] *New York Times,* May 4, 1934, 15:8.
[32] *New York Times,* January 6, 1935, 2:4.
[33] W. T. Field, "Tax-Exempt Municipal Securities," *American City,* August 1935, 50:77.
[34] *Financial Chronicle,* March 10, 1934, pages 1666-67.

disregarded, offers almost the attractions of a new social order."[35] Murray Seasongood on the other hand dissents. "The great difficulty is that federal intervention relieves these communities from the consequences of their folly. And the only way they are ever going to get anywhere is to let them feel the folly that they have committed, so that they will not do it again."[36] While a prophetic conclusion in the present "state of the nation" would be out of order, it is safe to say that a projection of the present discernible trend in federal-municipal affairs ought to be accompanied by a far-reaching change in the field of public finance. Coördination of taxation may be trite at this repetition, but it is none the less fundamental. Realignment of taxing sources, scientifically determined, on the basis of the most satisfactory yield to each unit is not only desirable but necessary. Coöperation of all taxing agencies by some such means as extending the principle of the 80 per cent clause in inheritance taxation to other kinds of revenues would be helpful. Improved budgeting and accounting technique, and long range planning will make the new legal, moral, economic, and political relationships between the federal and municipal governments more satisfactory, less burdensome, and more serviceable to the general public.

INTERSTATE COOPERATION

(Continued from Page 451)

to the federal government has been done in the case of specific purposes for the whole national area, as for example, in the case of the maintenance and government of the army, the navy, and the postal service. An extension of this system but with application only to those areas or states accepting it would be an innovation.

COOPERATIVE PLANNING

There is, however, one form of interstate coöperation which may be carried out without conflict with states' rights and this is coöperative planning by the states. In this case, as there are no administrative problems involved, there are none of the embarrassments arising from conflicts with state sovereignty. As the boundaries of the problem regions change, various combinations of states may join in the study of different specific problems and thus problems which transcend state lines may be completely covered. From such planning there should be developed such convincing evidence of need for state action that the several states interested in particular problems may be induced to enact suitable uniform legislation for remedying the troubles uncovered. Where uniformly capable administration is provided this is the least involved and may prove the most practicable method of providing for interstate coöperation.

The general purposes of the federal and state constitutions are to insure domestic tranquility, promote the general welfare, and protect the liberties of the people. If to accomplish these purposes the people, in whom all powers are vested and from whom all powers are derived, find that in their capacities as citizens of problem regions having specific problems they are estopped from having these problems efficiently solved by reason of their own acts as citizens of the nation or as citizens of a state, then the people will in the end find a way out of this "no man's land" of government. Let us hope that this may be done without an increase in government.

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[35]H. W. Dodds, *Yale Review*, ibid.

[36]Murray Seasongood, "Local Government Muddle," *Annals*, American Academy, Sept. 1935, 181:159-64.

Editor's Note.—Address delivered July 14, 1936, before the Tenth Institute of Public Affairs, University of Virginia, Charlottesville, Va.

Effect of the Depression on State-Local Relations

Local financial difficulties and the greater capacity of the state to raise money have forced cities to accept state dictation in fiscal matters

HOWARD P. JONES — *Executive Director, National Municipal League*

THE depression has had its effects upon the relations between states and local units as it has upon almost every other activity and relationship of local government. These relationships, however, have been peculiarly subject to adjustments forced by the strain of local financial difficulties because of the legal dependency of cities and other local units upon state government as well as because of the state's greater revenue-raising capacity.

But a discussion of trends is apt to be highly theoretical unless it has its foundation in recorded happenings. A brief summary of some of the outstanding events in the field of state and local government during the depression may prove worth while.

Since the beginning of 1930, these events have taken place:

27 states have adopted sales taxes. (6, however, have dropped them in this period, leaving 21 with sales taxes now.)

22 states have adopted income taxes or increased income tax rates. (The state of Washington, where both personal and corporate income taxes were held unconstitutional, is not included.)

20 states have adopted or increased gasoline taxes.

The following miscellaneous taxes were adopted or increased:

Chain store ..... 23 states
Liquor ..... 31 states
Non-alcoholic beverages ..... 31 states
Cigarettes and tobacco ..... 17 states
Public amusement ..... 16 states

37 states have increased state aid to local units of government.

7 states have adopted over-all limits on real property taxes.

8 states have adopted homestead exemption laws.

14 states have adopted county home rule laws or laws granting counties an opportunity to revise their structure in the interests of greater efficiency.

7 states have transferred important functions from local units to the state.

94 cities have adopted the city manager plan.

7 counties have adopted the county manager plan.

Approximately 3200 counties, municipalities, and special districts are now in default on their obligations. Only two-thirds of these, it should be said, are in default on general obligation bonds, the remainder being in default on special assessment district obligations.

1 state has defaulted on its bonds but satisfactory arrangements for payment have been reached with its creditors.

Through 1935, 14 states had issued bonds for unemployment relief.

Many cities, it is impossible to say how many, have issued bonds for unemployment relief or deficiency bonds for current expenditures.

4 states have abolished property taxes as state revenue. (In addition South Dakota eliminated the state general tax levy for 1934 and California eliminated it for 1933-1934.)

21 states adopted laws increasing financial supervision over local units of government since 1930.

The picture is at first glance a peculiarly confusing one. Side by side with laws providing for a greater measure of home rule stand laws providing for a greater degree of administrative supervision over cities. Side by side with laws increasing state taxes stand laws decreasing the general property tax for state purposes. Side by side with measures for additional state aid to local units of government during a period of financial stress stand laws restricting the amount of taxes these local units may levy upon real property.

Such apparent inconsistencies become understandable, however, upon closer scrutiny. Home rule, applying as it does primarily to the structure of local government and important matters of local policy, is not necessarily inconsistent with a greater measure of state administrative supervision. Increase in state taxation from sources other than real estate developed not only from a desire to relieve real estate so far as possible but from the impossibility of real estate in a period of declining values supporting the additional burdens heaped upon state and local government. For the same reason, property tax limitation laws were established (in my opinion in a misguided effort) to relieve real estate—replacement revenues coming from state aid, in turn obtained from sales taxes, income taxes, or other sources of revenue available to the state but not to the local units.

Phrased another way, we see in these happenings the breakdown of local finance due to the depression, the state's coming to the rescue through the establishment of additional taxes from sources other than real estate and the distribution of some of these revenues to the localities, the tendency to restrict further the power of local units to levy real estate taxes, the increase in state supervision over local finance and the effort to achieve greater efficiency in local administration by the improvement of municipal organization.

FLOW OF POWER

It should be apparent that the subject of "state-city" or "state-local" relations is so vast that volumes have been written about one corner of the problem in a single state. What we perhaps should be primarily concerned with here, then, is what might be termed the *flow of power*. In what direction is power flowing these days—from the center to the extremities or from the extremities to the center? Is there a tendency for local government to become stronger and more vigorous as the state government becomes less so, or is the state government becoming stronger at the expense of the local units? Or, another possibility, are they both following similar trends, that is, both expanding in certain directions or contracting?

The local units, are, of course, the legal creatures of the state. It is hardly necessary to recall that the constitution of the United States does not mention local units of government, although such existed when the constitution was adopted, and that all powers not specifically delegated to the federal government are reserved to the states or to the people. Legislative abuse of this power, however, led to the municipal home rule movement which in sixteen states freed cities and villages to carry on their functions of local self-government as a result of amendments to state constitutions limiting the power of legislatures in the regulation of municipal affairs. Such amendments took various forms, the most satisfactory simply forbidding the legislature to pass special laws on any subject, and granting municipalities simultaneously the necessary power to draft their own

charters. It is at this point that we run into one of the chief legal distinctions between cities and villages and other units of local government. In most states, although not in all, this restriction on legislative power applied to cities and villages but not to other local units of government and special legislation applying to these other units remains to this day a serious abuse in many states.

These home rule laws in some instances permitted the legislature to pass special legislation to meet emergencies. Thus section 2 of article XII of the constitution of the state of New York provides that: "The legislature shall not pass any law relating to the property, affairs, or government of cities, which shall be special or local either in its terms or in its effect, but shall act in relation to the property, affairs, or government of any city only by general laws which shall in terms and in effect apply alike to all cities except on message from the governor declaring that an emergency exists and the concurrent action of two-thirds of the members of each house of the legislature."

ENCROACHMENT ON HOME RULE IN NEW YORK STATE

As a result of the depression there has been definite incursion by the state upon this home rule power. The emergency message has become a formal gesture on the part of the governor as a result of precedent established by former Governor Alfred E. Smith after passage of the home rule law in 1924. As a result a large number of special laws have become fastened upon the municipalities covering all sorts of subject matter which should be dealt with by local rather than state law. For example, at this last session of the New York legislature an emergency message from the governor accompanied a law requiring dog licenses in one municipality. Of the 944 laws passed by the 1936 session of the New York legislature, sixty were special acts applying to New York City, covering subjects usually within the realm of local action under the home rule law. An emergency message and a two-thirds vote of the legislature were required to pass a law regarding the licensing of plumbers and one concerning birth reports.

Not only is this serious from the standpoint of the violation of the principle of home rule involved in the passage of such special legislation—it is perhaps even more serious because of the uncertain status of such laws. Can they be repealed by local law? Probably not, and if not, then presumably they must be repealed in the same manner they were enacted—by special law under authority of an emergency message from the governor and a two-thirds vote.

While this may be true only in New York State, it is an example of the kind of paring away of the power of local self-government against which it is necessary to be constantly on guard if municipal home rule is to remain anything more than an agreeable fiction.

Of greater general significance, however, is the incursion on the power of local self-government from the financial side that has developed in practically every state that has had home rule.

It is almost axiomatic that financial control follows financial assistance. The tendency of state legislatures to pass laws providing for a greater degree of supervision over local finances is apparent. Most of these laws, exerting more stringent control over the incurring of indebtedness and providing for more adequate budget and accounting procedures, have been constructive. Some of them, however, such as those establishing rigid limits on property taxation, can hardly be so regarded. Under the guise of restricting taxation, they con-

stitute serious incursion on home rule and a definite flow of power toward the state.

FINANCIAL INROADS ON HOME RULE

Since the state of Missouri in 1876 made its pioneer effort in the direction of municipal autonomy, "home rule" has been a slogan and a philosophy of local self-government that has exerted tremendous influence upon the development of our cities in the last half century and bids fair to do the same with respect to county government of the future. Reformers of the generation just past fought, bled, and died for municipal home rule which meant in general the right of a municipality to run its own affairs without interference from the state legislature. Then came the depression. The rush of municipalities to the state and federal government for financial assistance was like a herd of cattle plunging toward a water hole in a drought. The assistance was granted but not without its price. It is difficult for a suppliant to remain quite independent. Little did most advocates of municipal home rule realize that the work of two generations was to be undermined from the financial side. Picture a city, operating under a home rule charter, but hemmed in by stringent limitation on the amount of taxes it may levy which forces it to become dependent upon the state government. What reality is there to local self-government if taxpayers are unable to determine what services they want and are willing to pay for?

Perhaps equally important, what stimulus is there to economy in local government? There are inevitably two questions that must be answered whenever state aid to local government is mentioned. First, where is the state obtaining or to obtain the money and how is this money to be distributed? The popular sources of state aid at present are income tax, gasoline tax, and state-wide sales tax. Practically every state which has adopted over-all tax limitation, for example, has had to go to the sales tax. The small home owner, to whom tax limitation is so frequently presented as a panacea, is most naive to think he will incur a net saving in his tax bill as a result of tapping some other sources of revenue through the state government. The sales tax, for example, would undoubtedly cost the average home owner more than the amount he would save through his real estate taxes, and in addition he has lost one of the most important pressures for economy in local government—the scrutiny of local budgets by the real estate taxpayers who must support the services rendered their property.

As for the method of distributing state aid to the localities, this presents a knotty problem that has yet to be solved on any satisfactory basis. It must not be forgotten that the original conception of state aid was a grant to be matched by the municipality for the purpose of stimulating local expenditure in certain functions in an effort to raise local standards. We have not yet generally developed brakes for state aid. Under tax limitation, for example, is a given city to draft its own budget and then receive from the state the difference between the amount of its local revenues and the aggregate amount of its budget? The question answers itself. It is impossible to have a satisfactory system of state aid without some measure of distribution. The ideal measure would be directly related to local needs and requirements. But where are we to find such a measure? Failing this, would our units of local government willingly submit this determination to a state agency? It would be tantamount to letting the state determine the aggregate amount of the local budget. If not, we are exactly where we started. So long as the re-

quirements and desires of communities differ, just so long is it necessary for them to have the power to tax themselves to obtain the services they demand. This is important for two reasons: first, they are thus able to get what they want by paying for it; second, their demands are controlled by their capacity to pay.

Whether we like it or not, the predominant trend today in state-local relations is toward the greater dependency of local units upon the state. Startling illustrations of the trend are: (1) the establishment by New Jersey of state receiverships for insolvent municipalities; (2) direct supervision over the affairs of three cities in Massachusetts by state-appointed finance commissions; (3) the establishment of the North Carolina Local Government Commission with broad powers of control over local debt and other matters of local finance. Accompanying it, interestingly enough, is also a movement for county home rule. While this latter trend is important because it leads in the direction of improved structure of county government, it is questionable whether counties, since they are primarily administrative agencies of the state, will ever achieve any substantial degree of autonomy. The exceptions to this will probably be suburban counties.

In all this, however, we should not lose sight of the fact that while local units are the legal creatures of the state the simplicity of this conception is apt to lead us into half truths. The modern city is the most dramatic and most complex of all the present-day social and economic phenomena. Realistically the city is an entity whose existence cannot be challenged. While legally it may be the creature of the state, realistically, the state today is much more the creature of its cities. Remove the cities of New York State, for instance, from its taxing jurisdiction and the financial effect upon the state government would be well nigh disastrous. But the cities for the most part would go their way relatively unconcerned, and the taxpayers within their boundaries would no doubt be somewhat better off. New York City, for instance, in various forms of taxation, contributes probably $160,170,000 to the state government. It raises from property taxes approximately $471,296,000 for its own purposes and receives about $89,240,000 back from the state in the form of state aid. Its net loss, therefore, to the state, is approximately $72,930,000. Albany County contributes about $4,288,000 to the state and receives from the state in the form of state aid $2,540,000. Its loss to the state is therefore approximately $1,748,000. Erie County, the majority of whose population live in Buffalo, contributes approximately $3,527,000 more to the state than it receives back in the form of state aid. Monroe County, the site of Rochester, contributes $3,000,000 more than it receives.

This is the realistic side: the wealthier areas, comprising largely the urban and suburban territories, are actually contributing far more to state government than the local units of government operating in those areas are receiving in the form of state aid. Part of this money goes to support the state government but part of it also goes to support local units of government in other sections of the state in the form of state aid. It is impossible with available statistics and standards of measurement to estimate the net benefit accruing to the wealthier areas as a result of this process. The benefits are as much intangible as they are tangible. No criticism of this policy is involved here. The only purpose of these figures is to show that, after all, the dependency of the city upon the state is legal rather than economic in origin. Our review of depression legislation established rather clearly the fact that local units of gov-

ernment were becoming more dependent upon the state for their revenues. It is important to understand the nature of this dependency and to realize that it flows in the first instance from the legal status of the city or other local unit as a creature of the state and second from the fact that, because it operates over a wider area and has broader powers, the state is a better collection agency.

TRANSFER OF FUNCTIONS

There is another important trend in state-local relations that must be considered here. What of the transfer of functions from local units to state government? Is this trend to be considered favorable or unfavorable? The question is more likely to be answered with prejudice than with facts. The facts apparently are these: (1) the smaller local units generally have not been operating efficiently; (2) their areas have been too small to administer and to finance adequately the services demanded; (3) the resistance to consolidation and reorganization in the interest of greater efficiency has prevented the correction of this situation. Taxpayers have been in no mood to trifle. The farmers of North Carolina in insisting that the state take over certain county functions may have been selling their home rule but they were keeping their farms. The same tendency is noticable in many other states, particularly Virginia; but those who believe in a vigorous system of local self-government will regret this trend and believe it can be headed off by adequate legislation permitting transfer of functions as between local units, the abandonment of unnecessary local units, and the consolidation of others, together with opportunity for local adoption of improved forms of government and better methods of administration.

There is not the slightest question that local government in the United States is showing rapid improvement these days. Better personnel, improved methods, modernized structures are evident on all sides, particularly in our cities. The same may be said of state governments generally. But the increasing financial dependency of cities upon state government is in the direction of weakness rather than strength. We need not regret the transfer of functions from ineffective rural units to state government—in that way may lie efficiency; but our city governments, which have contributed so much to the experimental process of government and administration, can only lose vigor in an artificial dependency upon the state. This is not to say that state aid to cities should be abandoned as a fiscal policy but rather to urge the necessity for invention of devices which, while supplying cities with the funds they require, will enable the taxpayer, directly or indirectly, to exert a healthy control over expenditures.

In brief, we must recognize that local government serves common needs and that civilized progress demands continuance of the opportunity to serve future needs yet unseen. It is essential that citizens have adequate ways to control expenditure but it is equally important not to establish artificial limits that prevent the achievement of socially desirable objectives. The healthy city is not one that waits hat in hand at the state capitol for alms.

The way probably lies in the direction of state specification of high administrative standards and state supervision of local units to make sure that these standards are upheld, in reorganization and consolidation of local governments to give us units capable of administering services efficiently, together with a degree of local autonomy insuring the responsibility of local officials to those who foot the bills.

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The Pressure For Local Spoils

"Take care of your people and your people will take care of you." — Edwin H. Vare

RICHARD C. SPENCER

Western Reserve University

On the eve of the destruction of the old court house of Cuyahoga County at Cleveland some old political letters of 1908 and 1909, apparently forgotten or abandoned in some old desk, came to light. They were addressed to the board of county commissioners or to individual members thereof and lend rather vivid color to the common American pattern of metropolitan spoils politics. They are applications, petitions, and recommendations for minor jobs in the county administration —seventy-six in all. In spirit and form they might just as well have been written since the last election. Some of the then existing political organizations mentioned in the letters still bear the same names while counterparts of others exist today in similar ephemeral campaign clubs. Names of persons, of course, should not be mentioned and would be of no general significance. Likewise, of no particular significance is the fact that these letters are of Republican origin and are addressed to a new Republican County administration. No doubt the Democratic party is just as familiar with similar letters when that party is victorious. It was merely that Republican letters came to light.

The material is significant in illustrating the wide-spread petty geographical and political group pressure for lowly jobs, the emphasis on party loyalty and service as proper qualifications, both with regard to the expectation that the appointing authority will act partisanly and to the attitude of applicants and their supporters that party service naturally and unquestionably merits the reward of a political appointment. Some of these communications are in the form of regular petitions clipped into cover sheets, others are merely letters of recommendation of applicants or are direct applications; but many a simple letter of application or of recommendation was turned into a petition by having additional signatures of prominent ward, city, or county politicians attached.

Communications from Republican clubs are most numerous: ten different ward clubs, the clubs of county-wide significance such as the Western Reserve (Republican) Club, the League of Republican Clubs, the executive committee of the Republican party, and the clubs having special names, e.g., the J. C. Fremont Republican Club and the Rough Riders Republican Club. Labor organizations are also represented, though stating their nonpartisan position: the Journeymen Stonecutters' Association, the Brass Workers' Union, a carpenters' local, and Labor's Political League. The G. A. R. sought a place for a comrade as did the Ohio Division of the Sons of Veterans. Numerous business men and public officials wrote

well of their humble party friends. The officials included members of Congress, of the Ohio general assembly, the local board of review, the school board, and an assistant prosecuting attorney, the county recorder, the deputy county recorder, the clerk of the police court, and a successful judicial candidate. This variety of officials lends emphasis to the essential unity of the party spoils system from the smallest political unit through the city, county, state, and national governments. Several recommendations from Congressmen to janitorships and other minor jobs makes this unity especially emphatic.

JOBS FOR VOTES

The positions sought are all, of course, within the power of the county commissioners to bestow: jail physician, jail nurse, superintendent of roads, purchasing agent, inspector (one merely specified in "your department"), custodian of the court house, chief engineer of the court house, "foreman of janitors," telephone operator, steam roller engineer, bridge worker, painter, carpenter, "foreman of carpenters," assistant clerk in the road department, commissioner's clerk, night watchman, day man, and janitor or janitress. One journeyman carpenter presented a petition with thirteen names on it, and another with twenty-two names. Applicants for the position of ordinary janitor in a number of instances presented petitions, one with six names, three with nine names each, one with twelve, and another with eighteen names. An applicant for jail nurse had twenty-two endorsements, but the prize petition was that for the position of chief engineer of the court house with two hundred forty-four signatures. On behalf of one aspirant to an assistant clerkship in the road department letters were received by one or more commissioners from the endorsing committee of his Republican ward club, the president of the League of Republican Clubs (who wrote to each of two commissioners), the secretary of the Commercial Protective Association, an assistant prosecuting attorney, a member of the board of review, and a member of Congress. A number of letters merely sought jobs of any kind. One commendatory letter said, "Try and give him one of the numerous jobs that are around the court house—any old thing to make a living."

"DEAR SIR" OR "DEAR BILL"

Many of the individual letters denote a marked deference toward public office, and others, conversely, may begin with the political familiarity of "Dear Harry" or "Dear Friend Bill." As might be expected from seekers of janitorial jobs, many of the letters are blunt and reveal that the writers were practically illiterate. Letters from members of Congress were at least in passibly good form showing polite consideration for the addressees. One, for instance, indicated that the Congressman was "really anxious that something should be done for Mr. —— of the —— Ward," that since the writer had not made a "real" request for some time he hoped "you can give it favorable consideration, though I do not desire under any circumstances to embarrass you." One member of the board of review sent a well worded typewritten letter on the board's stationery, but perhaps the stenographer worded it for him since the same gentleman, when he penned a note of additional endorsement to the recommendation of a Congressman exhibited only incipient literacy.

The "spoils" tone of American political mores can best be shown perhaps by a few brief quotations. An applicant for janitorship spoke for himself:

> Having been an ardent supporter

of the Republican party. I lay no higher claim than being one of the file and rank having been in campains of no welfare to myself, but nevertheless the actions above all facts stand undisputed, as being one of the loyal supporters of the Grand old party.

A petition recommendation for a janitorship merely stated:

> Mr. —— has been a Republican for many years in a territory where there are not many of them.

A WORKER NEEDS HIS REWARD

One applicant aspiring to be foreman of janitors confused his qualifications with his need:

> I desire further to call your attention to the fact that I have been an active worker in the Republican ranks for a period extending over twenty years, in season and out of season, and I am now in a position where my past work can be rewarded, as I am very much in need of a position.

A business man wrote regarding the position of jail physician:

> Dr. —— is a real live hustler and a good friend of mine. He is very popular with all the boys. . . . I think this section of the city (——— and ——— wards) ought to be given some recognition.

A briefer letter for the same doctor ended:

> His political "complection" I can vouch for as O. K.

Most of the ward and other political clubs had an endorsing committee and a member of the committee or the club secretary would write the authorized letters of recommendation. One group of five letters on the stationery of The —— Ward Roosevelt Club in support of the candidacy of the secretary of the club for the custodianship of the court house discloses the secretary's determination. The endorsement committee, a committeeman writing, said of him:

> He has been an active worker in your behalf . . . has been a stanch worker of the Republican Party in general . . . stands near to the hearts of the Club and Precinct members to which he belongs his strength is non-questionable and his workings is unequaled from a political standpoint.

The other four letters are in the secretary's own hand. Two of them are his own personal letters to two of the commissioners signed with his own name. The other two, one of them to one of the commissioners who received his personal letter and the other to the third commissioner, are similar in wording, containing many identical phrases and mistakes, and were signed merely "Yours —— Ward Roosevelt Club." One of the first two letters reads:

> for my appointment as Custodian of Cort House whitch I understand a man must have a Enginears Licens to hold that job I wish to say that the Licens is the only thing that would stick me I did not know a forman over the janitors had to have a Enginears Licens otherwise I think I could of filled the job I wish to say Mr. —— If you will give me your support for some other job I assure you It will never be forgotten I dont think I nead to tell you what I have done for the Rep. Party. . . .

By-Products of Police Radio

Will use of the radio by police departments lead to a much desired consolidation of public safety departments?

CHARLES R. ERDMAN, JR.

Princeton Local Government Survey

ONE of the outstanding developments of modern mechanical aids to crime prevention has been the adaptation of the radio to police work. During the past six years we have witnessed the spread of the police radio from the single municipal installation in Detroit to over three hundred municipal and state services throughout the country.

This development has become of such importance that Captain D. S. Leonard of the Michigan state police felt justified in remarking to the International Association of Chiefs of Police that, "Radio has revolutionized police work." There is a general impression that police radio is of importance only as an aid in suppressing violent crimes such as bank robberies and other sensational occurrences, and, accordingly, the public is asking whether the police radio in small communities would be worth the money it costs. Statistics compiled by *The Municipal Index* from the replies of fifty-six cities in twenty-five states from Maine to California point to the fact that police radio does decrease crime in the larger communities and that the phenomenal spread of this police utility is everywhere being justified by results.

But in addition to its value as a crime deterrent there are other by-products of the police radio which make it imperative that municipal officials consider its installation in the smaller as well as the larger communities. The use of the radio as an aid in decreasing fire losses, in saving lives and in cutting telephone bills is not generally known but these are very practical matters which no municipal administrator can afford to overlook.

Fire prevention as a by-product results from the fact that police cars which have radio can be equipped with portable fire extinguishers. Fire alarms are immediately broadcast to the patrol cars and in many cases one of these which happens to be cruising in the immediate vicinity of the fire will arrive at the scene almost as soon as the person phoning the alarm has put down the receiver. It is an axiom in fire fighting that the first five minutes are worth the next five hours and records demonstrate that the prompt arrival of the police radio car has often made it unnecessary for the regular fire apparatus to proceed to the fire. In fact, several cities have recognized this fact by equipping their fire engines with radios so that they may be recalled before they reach the fire and thus be returned to service with a minimum of lost time.

In communities of less than 15,000 where a semi-paid or volunteer department provides fire protection, this feature of the radio is of great importance as a time- and money-saving device. One practice in communities of this type is to have the police car answer all "silent" (i. e. phone call) alarms and report immediately whether the police car can

handle the fire or whether the general alarm is to be turned in.

In reporting on this use of the police radio, M. P. Duffy, director of public safety of Newark, New Jersey, said, "Radio must take credit for the prevention of many fires. A recent alarm illustrates the point: A fire started within a garage, endangering a car and the neighborhood. The owner raced to the nearest box, sent in an alarm, and returned to find the fire bested by the radio police."

Life-saving is another by-product which has resulted from police radio installations. Captain Coughlin of the Elizabeth, New Jersey, police department reported that "quick applications of resuscitation methods foiled several suicides and prevented a number of accidental deaths" in the first few months' use of the new equipment. Speed is essential in saving human life and the police radio has quickened all emergency services. Oklahoma City has even gone to the extent of equipping the city dog-catchers' cars with radios in its desire to increase the efficiency of its department of public safety!

SAVINGS IN PHONE BILLS

One of the barriers that is raised by the taxpayer when police radio installations are proposed is that of cost. While admitting the possible utility of this equipment there is often the latent feeling that such "frills" will have to wait for better times. It is, accordingly, interesting to know that economies are made possible by this new device which in some cases can cover the initial capital cost within a few years. The borough of Princeton (N. J.) will save enough in its telephone bill alone to pay for its new equipment in five years. This is made possible by the "two-way" radio allowing for conversation from the cars to headquarters as well as the usual reception by the patrol car. With this communication a number of the usual telephone call boxes can be eliminated at a substantial saving. Other savings have been effected in many cities by decreasing the number of patrolmen without affecting the efficiency of the patrol. And in those cities which have not decreased personnel the efficiency of patrol has been greatly increased as evidenced by the statistics reported in *The Municipal Index.*

The development of inter-city communication to save phone bills is becoming a reality despite the difficult technical problem caused by the variations in wave assignments. The future holds promise of a vast development along this line which will save hundreds of thousands of dollars in phone bills alone.

There are one or two by-products of the police radio which are not assets and which are giving the technicians new problems calling for solution. The practice of ambulance-chasing lawyers, who sit and wait in their own radio-equipped cars and upon hearing a police call rush to the scene of an accident to obtain business, is an example of one of these. Similar is the practice of newspaper reporters who hasten to the scene of a crime and give out news even before the police have had an opportunity to decide upon the proper procedure. While the federal radio act makes illegal the unauthorized reception of police messages the mechanics of enforcement are obviously of tremendous difficulty. This is a matter which is receiving a great deal of study by the radio committee of the International Association of Chiefs of Police but to date no specific recommendations have been made.

The discussion up to this point has been confined to the tangible by-products but there remains an intangible one which may eventually prove to be

incomparably more valuable—the rôle of the police radio in effecting consolidations of police forces. Captain Leonard of the Michigan state police, one of the leading students of police radio, has observed that radio installations bring "about a coöperative spirit between departments" which have intercommunication by radio. The question, however, is whether this coöperation will lead to consolidation.

CONSOLIDATION OF POLICE DEPARTMENTS

In discussing the police systems of the country Bruce Smith has said, "The immediate major problem in police is not coördination but consolidation" [of police forces on a state-wide basis]. Probably a majority of the students of police work would agree with this statement. Take the police organization in the state of New Jersey as an example of excessive decentralization of this vital governmental service. There are over 350 separate and independent police departments in the state, of which 127 are in the five counties covering a scant seven hundred square miles of northeastern New Jersey. This goes far to explain the fact that costs of New Jersey police protection are not only the highest in the United States for cities of the corresponding size groups, but in some cases they are nearly twice as high. Accordingly, if police radio will aid in bringing about the consolidation of this governmental function it will be of tremendous service to the taxpayers as well as of benefit in increasing the efficiency of crime prevention and detection.

Should the prophecy of Captain Leonard, that radio is revolutionizing police work, prove true, geographical municipal lines will become even more of an anachronism than at present. Consolidation of the police radio systems within a metropolitan area, for instance, will become imperative with the wide-spread adoption of this device, and as the operation of a police department becomes more and more dependent upon, and centered around, the radio, the absolute necessity for the consolidation of the forces will become apparent. At present the ultra high-frequency development seems best adapted to police work but ultra high-frequency assignments are not without limit in a crowded metropolitan area. For instance, there is no known manner of satisfactorily providing individual radio police facilities to each of some 140 potential applicants in the metropolitan area of New Jersey comprising the five counties in the northeastern section of the state.

With this problem in mind, Newark, when embarking on its new police radio venture, provided itself with a plant capable of taking care of the requirements of those municipalities which border on the city. Any town within the service area of this station may have police radio service by equipping its cars, installing a telephone line which connects its police headquarters with the transmitter in Newark, and paying its prorated share of the operating cost of the transmitter. Obviously the more subscribers the less the cost and the more effective will be the coverage of the police within the Newark metropolitan area as a whole.[1]

As this service spreads those interested in the consolidation of governmental functions, if not of units, will wait with interest to see if the known psychological value of the police radio as a coördinating agency will be equally effective as a consolidating agency. Should this be the result, the proven by-products of the police radio, namely, increased efficiency and economy in the departments of public safety, will be of minor importance compared with this new and powerful apostle of consolidation.

[1]Most central cities provide this service without prorating cost, however.—Editor.